

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6484

BILL NUMBER: HB 1054

NOTE PREPARED: Mar 5, 2004

BILL AMENDED: Feb 17, 2004

SUBJECT: Watercraft Docking and Marina Launch Fees.

FIRST AUTHOR: Rep. Cheney

FIRST SPONSOR: Sen. Lawson

BILL STATUS: Enrolled

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: The bill authorizes a city that creates or participates in the creation of a port authority with a channel navigable to Lake Michigan to impose a watercraft docking fee and a marina launch fee. It provides that the fees are deposited in the Cumulative Channel Maintenance Fund. The bill also allows money in the fund to be used for enforcement of port authority regulations.

Effective Date: July 1, 2004.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: This bill would allow a city who creates, or participates in creating, a local port authority, with a channel navigable to Lake Michigan, to impose an annual fee upon each watercraft that is docked for more than 29 days, or launched, in waters that are under the jurisdiction of the local port authority. Cities who chose to impose a watercraft docking fee or a marina launch fee may experience an indeterminable increase in administrative expenditures in implementing either of the two fee programs.

Decal stickers would be required for distribution in exchange for fees paid annually. Currently, the cost for providing the decals is estimated to be about \$1 to \$2 per sticker, or about \$100 to \$200 per 100 boats per year. A paper permit is issued for each boat that pays the marina launch fee on a per-launch basis.

Explanation of Local Revenues: The watercraft docking fee is to be collected annually, however, the marina launch fee may be collected either annually or per launch. Both annual fees are assessed according to the

length of the boat. Neither fee can be more than \$0.75 per foot for a watercraft of 30 feet or less and not more than \$1.50 per foot for a watercraft over 30 feet. The per-launch marina fee is \$1. The fees can be collected and remitted to the city fiscal officer by a marina, dock, or the port authority.

The fiscal impact of the annual docking or marina launch fees are based on the number of boats, and their lengths, which remain docked in waters that are within the port authority's jurisdiction. For either annual fee, the maximum revenue generating potential for every 100 boats 30 feet or less is \$2,250, and the minimum revenue generating potential for every 100 boats greater than 30 feet is \$4,650. For the per-launch fee, the maximum revenue generating potential is \$100 for every 100 watercraft launched within a port's jurisdiction. Examples are provided below demonstrating the potential impact on the Portage Port Authority.

For both the watercraft docking fee and the marina launch fee, revenue from either fee may only be used for the regulation of activities related to the waters under the jurisdiction of the port authority and their enforcement, and for the same purposes for which a cumulative channel maintenance fund is used, which include: dredging and cleaning channels and shores; repairing bulkheads, pilings, docks, and wharves; and purchasing and developing land adjoining the port's channels.

Examples: The Portage Port Authority estimates that 400 to 500 boats would qualify as needing to pay a watercraft docking fee. Of these boats, approximately 60% are over 30 feet. Based on the maximum \$0.75-per-foot fee, the maximum revenue generating potential for watercraft 30 feet or less would range between \$3,600 and \$4,500 per year. Based on the maximum \$1.50-per-foot fee, the minimum revenue generating potential for watercraft over 30 feet would range between \$11,000 and \$14,000 per year.

The Portage Port Authority also estimates that 7,500 to 9,500 boats are launched each year within its jurisdiction. Approximately 95% of the boats are less than 30 feet in length. Based on the maximum \$0.75-per-foot fee, the maximum revenue generating potential for watercraft 30 feet or less would range between \$160,300 and \$203,000 per year. Based on the maximum \$1.50-per-foot fee, the minimum revenue generating potential for watercraft over 30 feet would range between \$17,400 and \$22,100 per year. If all the watercraft owners choose to pay the fee on a per-launch basis, and the boats are launched at least once, the revenue generating potential would be between \$7,500 and \$9,500 per year.

State Agencies Affected:

Local Agencies Affected: City of Portage.

Information Sources: John Smolar, Chairman, Portage Port Authority, (219) 764-3774.

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